News release

Search for a new weather derivatives partner

23 September 2003

The Met Office and its joint-venture company, weatherXchange Limited, today reaffirmed their intention to find the right partner to develop global weather contracts, thereby creating the premier European weather futures business.

In August, Chicago Mercantile Exchange (CME) signed a letter of intent with the Met Office and weatherXchange to make an initial equity investment in, and license agreement with, weatherXchange, but a deal has not been agreed and the prospects are now receding.

Peter Ewins, Met Office Chief Executive, said: "While we are disappointed that we have been unable to sign a deal with CME, we remain determined to establish a European market in weather derivatives. The Met Office and weatherXchange are uniquely placed to achieve this. We will now actively seek other potential partners and look forward to an exciting futures business."

A recent industry survey by PriceWaterhouseCoopers revealed that weather derivatives transactions grew threefold between April 2002 and March 2003, indicating that weather risk management is becoming increasingly important in the risk management strategy of many companies. The Met Office intends to be the key information provider in this development.

The Met Office is a world leader in the provision of weather forecasts and environmental and weather-related services. Its solutions and services meet the needs of the general public, government and schools, broadcasters and online media, civil aviation and almost every other industry sector - both in the UK and around the world.

weatherXchange Ltd. is a joint venture with the Met Office and was established in May 2001 as the definitive European resource for weather risk management that brings together people with years of experience in the financial derivative markets and the meteorological expertise of the Met Office, thereby providing unique weather risk management solutions.

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